

**REMARKS/ARGUMENTS**

Following entry of the present amendment, claims 19-34 have been canceled from the application. Independent claim 1 and claims 3-6, 7-12, and 18 dependent thereon and independent claim 35 and claims 36, 37, 41 and 42 dependent thereon remain in the application.

In the Office Action of August 23, 2005, independent claims 1 and 35 were rejected on the following grounds. In paragraph 4 of the Office Action, the claims were rejected under 35 U.S.C. §103 on U.S. patent 4,856,857 to Takeuchi et al., Japanese Patent Publication JP 11-064614, and British Patent Publication GB 2,222,696. In paragraph 5, the claims were rejected on the same combination of references with the addition of Japanese Patent Publication JP 06-51683. Claims dependent on the independent claims were rejected on similar grounds.

Reconsideration and withdrawal of these rejections is respectfully requested in view of the above amendments and following argument for allowance.

In responding to the rejection, the applicant has prepared the attached Statutory Declaration of Gary Fairless Powers, one of the co-inventors now named in this application. The material contained in the declaration and the manner in which it responds to the Office Action is outlined below.

**The Present Invention**

Paragraphs 2-9 of the declaration describe the present invention, and the advantages of same over the prior art.

**Claim 1 et seq.**

Each of the references cited in the rejection of the claims made in paragraph 4 of the Office Action is discussed in detail, as follows: Takeuchi et al. '857 is discussed in paragraphs 11, 12; GB '696 is discussed in paragraphs 13, 14; and JP '614 is discussed in paragraphs 15, 16.

The shortcomings of the combination of Takeuchi et al. '857 and JP '614 are noted in paragraph 17. The shortcomings of Takeuchi et al. '857 in view of GB '696 are described in paragraph 18.

The shortcomings of the specific combination of references employed in paragraph 4 of the Office Action of August 23, 2005, namely Takeuchi et al. '857, GB '696, and JP '614 are discussed in detail in paragraphs 19-23.

These paragraphs, as well as other paragraphs such as paragraph 18, specifically and directly respond to the detailed discussion of the references contained in the Office Action.

JP '683 noted in paragraph 5 of the Office Action is reviewed, and the comments in the Office Action addressed, in paragraphs 26, 27 of the declaration.

#### Claims 35 et seq.

Paragraphs 24-26 of the declaration note that the analysis and arguments made in connection with claim 1, above, are also applicable to claim 35. JP '683 employed in the rejection in paragraph 5 is discussed, in detail, in paragraph 26. A response to the detailed discussion of this reference in the Office Action is noted in paragraph 27.

#### Claim Amendments

Independent claims 1 and 35 have been amended to insure the distinguishing features noted in the statement are found in the claims. The claims describe the method as one for producing a document of the type described in paragraphs 2 and 3 of the declaration and as forming an integral optically diffractive security device. Claim 35 is particularly directed to a "transmissive" optically diffractive security device, thereby to distinguish over reflective elements such as that described in Takeuchi et al.

#### Information Disclosure Statement

An Information Disclosure Statement including the Kress et al. text noted in the Amendment of May 2, 2005 and the Office Action of August 25, 2005 accompanies this response, along with the appropriate fee.

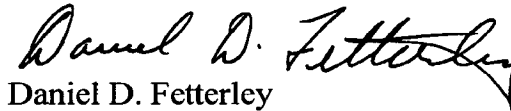
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Conclusion

As noted in paragraph 28 of the declaration, in view of the foregoing comments and argument for allowance as well as for the foregoing amendments, claims 1 and 35, and the claims dependent thereon are deemed to define subject matter over the applied combinations of references. Withdrawal of the rejections and passage of the application to allowance is respectfully requested.

Respectfully submitted,

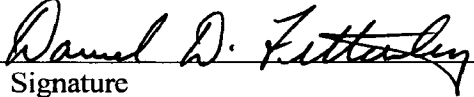
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I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to: Commissioner for Patents, Mail Stop - Amendment - Fee, P.O. Box 1450, Alexandria, VA 22313-1450 on the 23<sup>rd</sup> day of February, 2006.

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